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DAILY REPORT FOR EXECUTIVES

File
Vinyl Chloride

Devel pm nts Affecting
BUSINESS POLICIES

5-27-75 *Legislation—Regulation—Rulings* (No. 102) A - 1

BANKING: REUSS READY TO MOVE
ON "F-I-N-E" COMPREHENSIVE REVIEW

Chairman Henry Reuss (D-Wis) of the House Banking Committee said in a Memorial Day (May 26) speech at Louisiana State University that he hopes his committee can begin work shortly on the proposed comprehensive review of the Financial Institutions and the Nation's Economy (FINE).

In a speech to the School of Banking of the South in Baton Rouge, Reuss stated: "So far, we have spent a dozen hours thinking up the FINE acronym and about 20 minutes on the substance. We hope to reverse those priorities shortly."

The review, which will be carried out by the Banking Subcommittee on Financial Institutions Supervision, Regulation, and Insurance, will be under the auspices of the Chairman of that subcommittee, Rep. Fernand St Germain (D-RI). (DER 80, A-7, Section B) Reuss, however, stated that all members of the full committee will participate in the review, and that the panel does not "intend to repeat the work of groups that have gone before." He added: "We know what St. Thomas Acquinas thought of usury, without another research project."

Reuss previously had hoped to involve the Senate Banking Committee in the FINE project, but Senate Banking Chairman William Proxmire (D-Wis) reportedly was cool to the idea, so Reuss decided that the House committee should go on alone.

The FINE study, as announced previously by Reuss, will cover five areas: (1) the relationship between banks and thrift institutions, and what changes may be desirable in their borrowing, lending, investment, and customer service activities; (2) the adequacy of federal regulations, as now divided between three government agencies for banks alone; (3) the structure and operations of the Federal Reserve System; (4) the operation of U. S. banks abroad, of foreign banks in the U. S., and of the Eurodollar market; and (5) the operation of bank holding companies.

The text of the Reuss' remarks at Louisiana State University School of Banking is in Section B.

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SUPREME COURT: JUSTICES LET STAND RULING UPHOLDING
NEW FEDERAL STANDARDS LIMITING USE OF VINYL CHLORIDE

The U. S. Supreme Court today let stand a federal appeals court ruling upholding new federal regulations drastically cutting the amount of exposure to vinyl chloride permitted for factory workers in the plastics industry. (Firestone Plastics Co. v. Labor Dep't)

The Court declined to review a ruling by the U. S. Court of Appeals for the Second Circuit being appealed by Firestone, Union Carbide Corp., and the Society of the Plastics Industry, which claimed the Second Circuit used the wrong standards when reviewing the regulations.

Effective April 1, the regulations limit the exposure of workers to one part of vinyl chloride to a million parts of air breathed. The old standard was 50 parts per million. Vinyl chloride has been shown to have caused the death of 13 workers suffering from a rare form of cancer of the liver.

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The companies had told the Second Circuit that the Secretary of Labor, who adopted the regulations under the Occupational Safety and Health Act, had disregarded the fact that it is not technologically feasible to reduce the concentrations of vinyl chloride in plastic plants to the prescribed level. The U.S. Chamber of Commerce and the National Association of Manufacturers supported this position.

The Second Circuit, however, said the standards were "entirely feasible, since the goal of the lowest dectectable level can definitely be attained through the combination of technological means and respirators."

The Supreme Court's action today leaves the standards effective in New York, Vermont, and Connecticut. A similar action in an earlier case made the same type of reviewing standard final in New Jersey, Pennsylvania, and Delaware.

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ECONOMIC CONTROLS: SUPREME COURT SAYS CONGRESS CAN IMPOSE CONTROLS ON STATE EMPLOYEE SALARIES

The U.S. Supreme Court today upheld the constitutionality of the Economic Stabilization Act of 1970 as applied to salaries of state and local government employees.

The majority, speaking through Justice Thurgood Marshall, said that the controls were a valid exercise of Congress' power to regulate commerce. The Court rejected the argument that the regulations unconstitutionally infringed rights reserved by the states by the Tenth Amendment. (Fry v. U.S.)

When the wage and salary freeze was imposed in 1971, state and local government employees constituted 14 percent of the nation's work force. Unrestrained wage increases to that many workers could, according to the Court, have had a significant effect on interstate and even foreign commerce. For example, such wage increases could inject "millions of dollars in purchasing power into the economy and [could] exert pressure on other segments of the work force to demand comparable increases." The Court concluded that the efficacy of the controls would have been "drastically impaired" if these employees were beyond the reach of the Act.

The Court said the argument that the controls interfered with state sovereignty is foreclosed by a 1968 Supreme Court decision that upheld application of the Fair Labor Standards Act to state-run schools and hospitals. In the majority's view, the wage controls were "even less intrusive" than the federal involvement in the prior case.

Justice William Rehnquist dissented, saying that federally-imposed wage and salary ceilings on state employees violate the Tenth Amendment. Justice William Douglas, citing the Act's expiration last year, would have dismissed the Court's grant of review in the case.

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ANTITRUST: SEN. HART ANNOUNCED MORE HEARINGS ON BILLS TO REVISE ANTITRUST LAWS

Chairman Philip Hart (D-Mich) of the Senate Judiciary Antitrust and Monopoly Subcommittee today announced more hearings for June 3-6 on S 1284, the Antitrust Improvements Act of 1975, and S 1637, to amend the Antitrust Civil Process Act.

S 1284, introduced by Hart and Senator Hugh Scott (R-Pa), would provide for a major overhaul of the antitrust laws.